

Company Registration No. SC037050 (Scotland)

**WALTER BLACK FOODS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2005**



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# WALTER BLACK FOODS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Walter S Black Flora Black Walter C Black Stuart S Black
<b>Secretary</b>	Walter C Black
<b>Company number</b>	SCO37050
<b>Registered office</b>	3 Drumhead Road Cambuslang Investment Park Glasgow G32 8EX
<b>Auditors</b>	Wylie & Bisset 168 Bath Street Glasgow G2 4TP
<b>Bankers</b>	The Royal Bank of Scotland plc 100 West George Street Glasgow G2 1DD
<b>Solicitors</b>	Semple & Kennedy 23 Royal Exchange Square Glasgow G1 3AJ

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# **WALTER BLACK FOODS LIMITED**

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# WALTER BLACK FOODS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 SEPTEMBER 2005**

The directors present their report and financial statements for the year ended 30 September 2005.

### Principal activities and review of the business

The company is involved in the manufacture of pickles, sauces, condiments etc., and in the factoring of other similar products.

The directors are disappointed with the results and efforts are being made to increase sales and control overhead expenses and the directors are hopeful that the current year would be profitable.

### Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

### Directors

The following directors have held office since 1 October 2004:

Walter S Black  
Flora Black  
Walter C Black  
Stuart S Black

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 September 2005	1 October 2004
Walter S Black	-	-
Flora Black	-	-
Walter C Black	-	-
Stuart S Black	-	-

The interests of Walter C Black and Stuart S Black in the ultimate holding company Walter Black (Holdings) Limited are disclosed in the accounts of that company.

### Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

### Auditors

The auditors, Wylie & Bisset, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

# WALTER BLACK FOODS LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

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### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Walter C Black

Director

7 July 2006

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF WALTER BLACK FOODS LIMITED**

We have audited the financial statements of WALTER BLACK FOODS LIMITED on pages 5 to 16 for the year ended 30 September 2005. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# WALTER BLACK FOODS LIMITED

**Wylie<sup>+</sup> Bisset**

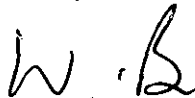
Chartered Accountants  
Business & Tax Advisers

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF WALTER BLACK FOODS LIMITED

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### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Wylie & Bisset**

7 July 2006

Chartered Accountants  
Registered Auditor

168 Bath Street  
Glasgow  
G2 4TP

 **UK200 Group**

 International Association  
of Practising Accountants

# WALTER BLACK FOODS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Notes	2005 £	2004 £
<b>Turnover</b>	<b>2</b>	4,921,441	5,197,613
Cost of sales		(4,383,183)	(4,211,193)
<b>Gross profit</b>		538,258	986,420
Distribution costs		(221,931)	(250,774)
Administrative expenses		(545,762)	(588,046)
Other operating income		18,000	18,000
<b>Operating (loss)/profit</b>	<b>3</b>	(211,435)	165,600
Other interest receivable and similar income	<b>4</b>	17,075	13,158
Interest payable and similar charges	<b>5</b>	-	(26)
<b>(Loss)/profit on ordinary activities before taxation</b>		(194,360)	178,732
Tax on (loss)/profit on ordinary activities	<b>6</b>	47,722	9,493
<b>(Loss)/profit on ordinary activities after taxation</b>		(146,638)	188,225
Dividends	<b>7</b>	(76,500)	(1,500)
<b>Retained (loss)/profit for the year</b>	<b>17</b>	(223,138)	186,725

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.



# WALTER BLACK FOODS LIMITED

## BALANCE SHEET AS AT 30 SEPTEMBER 2005

	Notes	2005 £	£	2004 £	£
<b>Fixed assets</b>					
Tangible assets	8		728,557		913,814
<b>Current assets</b>					
Stocks	9	456,835		543,939	
Debtors	10	1,210,842		1,451,614	
Investments	11	300,000		300,000	
Cash at bank and in hand		684,942		739,724	
		<u>2,652,619</u>		<u>3,035,277</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(927,634)</u>		<u>(1,199,581)</u>	
<b>Net current assets</b>			<u>1,724,985</u>		<u>1,835,696</u>
<b>Total assets less current liabilities</b>			<u>2,453,542</u>		<u>2,749,510</u>
<b>Provisions for liabilities and charges</b>	13		(116,530)		(171,360)
<b>Accruals and deferred income</b>	14		<u>(27,000)</u>		<u>(45,000)</u>
			<u>2,310,012</u>		<u>2,533,150</u>
<b>Capital and reserves</b>					
Called up share capital	16		15,000		15,000
Profit and loss account	17		<u>2,295,012</u>		<u>2,518,150</u>
<b>Shareholders' funds - equity interests</b>	18		<u>2,310,012</u>		<u>2,533,150</u>

The financial statements were approved by the Board on 7 July 2006.



Walter C Black  
Director

# WALTER BLACK FOODS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2005

	£	2005 £	£	2004 £
<b>Net cash inflow from operating activities</b>		127,071		493,460
<b>Returns on investments and servicing of finance</b>				
Interest received	17,075		13,158	
Interest paid	-		(26)	
<b>Net cash inflow for returns on investments and servicing of finance</b>		17,075		13,132
<b>Taxation</b>		(33,686)		(1,711)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(117,051)		(123,522)	
Receipts from sales of tangible assets	28,309		6,450	
<b>Net cash outflow for capital expenditure</b>		(88,742)		(117,072)
<b>Equity dividends paid</b>		(76,500)		(1,500)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(54,782)		386,309
Current asset investments	-		(300,000)	
Bank deposits	-		300,000	
<b>(Decrease)/increase in cash in the year</b>		<u>(54,782)</u>		<u>386,309</u>

# WALTER BLACK FOODS LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2005

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2005	2004
		£	£
	Operating (loss)/profit	(211,435)	165,600
	Depreciation of tangible assets	272,073	270,591
	Loss on disposal of tangible assets	1,926	5,065
	Decrease/(increase) in stocks	87,104	(111,020)
	Decrease/(increase) in debtors	228,350	(130,150)
	(Decrease)/Increase in creditors within one year	(232,947)	311,374
	Movement on grant provision	(18,000)	(18,000)
	<b>Net cash inflow from operating activities</b>	<b>127,071</b>	<b>493,460</b>

2	Analysis of net funds	1 October 2004	Cash flow	Other non-cash changes	30 September 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	739,724	(54,782)	-	684,942
	Liquid resources:				
	Current asset investments	300,000	-	-	300,000
	<b>Net funds</b>	<b>1,039,724</b>	<b>(54,782)</b>	<b>-</b>	<b>984,942</b>

3	Reconciliation of net cash flow to movement in net funds	2005	2004
		£	£
	(Decrease)/increase in cash in the year	(54,782)	386,309
	<b>Movement in net funds in the year</b>	<b>(54,782)</b>	<b>386,309</b>
	Opening net funds	1,039,724	653,415
	<b>Closing net funds</b>	<b>984,942</b>	<b>1,039,724</b>

# WALTER BLACK FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10% Straight line
Fixtures, fittings and equipment	10%/33% Straight line
Motor vehicles	25% Reducing balance

#### 1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5 Investments

Current asset investments are stated at the lower of cost and net realisable value.

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.7 Pensions

Pension contributions are charged to the profit and loss account so as to spread the cost of pension over the employees working lives with the company. These contributions are invested separately from the company's assets.

#### 1.8 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.9 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

#### 1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

# WALTER BLACK FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

### 2 Turnover

#### Geographical market

	Turnover	
	2005	2004
	£	£
United Kingdom	4,921,441	5,197,613
	<u>4,921,441</u>	<u>5,197,613</u>

### 3 Operating (loss)/profit

	2005	2004
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	272,073	270,591
Loss on disposal of tangible assets	1,926	5,065
Operating lease rentals	34,448	25,836
Auditors' remuneration	9,000	9,000
and after crediting:		
Government grants	<u>18,000</u>	<u>18,000</u>

### 4 Investment income

	2005	2004
	£	£
Bank interest	<u>17,075</u>	<u>13,158</u>

### 5 Interest payable

	2005	2004
	£	£
On overdue tax	<u>-</u>	<u>26</u>

# WALTER BLACK FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

6	Taxation	2005 £	2004 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	-	39,000
	Adjustment for prior years	7,108	-
	<b>Current tax charge</b>	<u>7,108</u>	<u>39,000</u>
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	(54,830)	(48,493)
		<u>(47,722)</u>	<u>(9,493)</u>
	<b>Factors affecting the tax charge for the year</b>		
	(Loss)/profit on ordinary activities before taxation	<u>(194,360)</u>	<u>178,732</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 30.00%)	<u>(36,928)</u>	<u>53,620</u>
	<b>Effects of:</b>		
	Non deductible expenses	-	2,770
	Depreciation add back	52,060	82,697
	Capital allowances	(20,337)	(44,406)
	Adjustments to previous periods	7,108	-
	Other tax adjustments	5,205	(55,681)
		<u>44,036</u>	<u>(14,620)</u>
	<b>Current tax charge</b>	<u>7,108</u>	<u>39,000</u>
7	<b>Dividends</b>	<b>2005 £</b>	<b>2004 £</b>
	Ordinary	<u>76,500</u>	<u>1,500</u>

# WALTER BLACK FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

### 8 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 October 2004	2,214,993	125,889	218,911	2,559,793
Additions	45,213	418	71,420	117,051
Disposals	(8,650)	-	(55,267)	(63,917)
At 30 September 2005	2,251,556	126,307	235,064	2,612,927
<b>Depreciation</b>				
At 1 October 2004	1,430,401	93,873	121,705	1,645,979
On disposals	(1,730)	-	(31,952)	(33,682)
Charge for the year	225,156	10,589	36,328	272,073
At 30 September 2005	1,653,827	104,462	126,081	1,884,370
<b>Net book value</b>				
At 30 September 2005	597,729	21,845	108,983	728,557
At 30 September 2004	784,592	32,016	97,206	913,814

### 9 Stocks

	2005 £	2004 £
Finished goods and goods for resale	456,835	543,939

### 10 Debtors

	2005 £	2004 £
Trade debtors	894,609	1,182,514
Corporation tax	-	12,422
Other debtors	312,453	252,518
Prepayments and accrued income	3,780	4,160
	1,210,842	1,451,614

# WALTER BLACK FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

11 Current asset investments	2005 £	2004 £
Other unlisted investments	300,000	300,000

The market value of the investments is £340,359 as at the year end.

12 Creditors: amounts falling due within one year	2005 £	2004 £
Trade creditors	707,934	886,025
Amounts owed to parent and fellow subsidiary undertakings	81,258	132,000
Corporation tax	-	39,000
Other taxes and social security costs	32,418	25,650
Directors' current accounts	24,709	-
Other creditors	3,590	29
Accruals and deferred income	74,725	113,877
Proposed dividend	3,000	3,000
	927,634	1,199,581

The Royal Bank of Scotland holds a bond and floating charge over all the assets and undertakings of the company.

### 13 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 October 2004	171,360
Profit and loss account	(54,830)
Balance at 30 September 2005	116,530

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	116,530	171,360



# WALTER BLACK FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

### 14 Accruals and deferred income

	Government grants £
Balance at 1 October 2004	45,000
Amortisation in the year	(18,000)
	<u>27,000</u>
Balance at 30 September 2005	<u>27,000</u>

### 15 Pension costs

#### Defined contribution

	2005 £	2004 £
Contributions payable by the company for the year	<u>34,741</u>	<u>25,332</u>

### 16 Share capital

	2005 £	2004 £
<b>Authorised</b>		
15,000 Ordinary shares of £1 each	<u>15,000</u>	<u>15,000</u>
<b>Allotted, called up and fully paid</b>		
15,000 Ordinary shares of £1 each	<u>15,000</u>	<u>15,000</u>

### 17 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2004	2,518,150
Retained loss for the year	(223,138)
	<u>2,295,012</u>
Balance at 30 September 2005	<u>2,295,012</u>

# WALTER BLACK FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

18 Reconciliation of movements in shareholders' funds	2005 £	2004 £
(Loss)/Profit for the financial year	(146,638)	188,225
Dividends	(76,500)	(1,500)
Net (depletion in)/addition to shareholders' funds	(223,138)	186,725
Opening shareholders' funds	2,533,150	2,346,425
Closing shareholders' funds	2,310,012	2,533,150

### 19 Contingent liabilities

The Bank of Scotland holds a cross corporate guarantee between all the company's in the Walter Black (Holdings) Limited Group.

### 20 Financial commitments

At 30 September 2005 the company was committed to making the following payments under non-cancellable operating leases in the year 30 September 2006:

	2005 £	Other 2004 £
Operating leases which expire:		
Between two and five years	34,448	34,448

### 21 Directors' emoluments

	2005 £	2004 £
Emoluments for qualifying services	100,048	127,648
Company pension contributions to money purchase schemes	15,704	11,131
	115,752	138,779

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004 - 2).

### 22 Transactions with directors

Included in creditors is an amount of £24,709 due to the three directors.

# WALTER BLACK FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

### 23 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Directors	4	4
Production	43	41
Distribution	14	11
Selling	7	7
Office and administration	9	8
	<u>77</u>	<u>71</u>

#### Employment costs

	2005 £	2004 £
Wages and salaries	1,204,796	1,095,276
Social security costs	99,356	93,280
Other pension costs	34,741	25,332
	<u>1,338,893</u>	<u>1,213,888</u>

### 24 Control

The ultimate parent company is Walter Black (Holdings) Limited a company registered in Scotland.

### 25 Related party transactions

Other debtors includes £238,680 (2004- £181,379) in respect of Walter Black (Manufacturing) Limited.

Creditors includes £81,258 (2004- £132,000) in respect of Walter Black (Properties) Limited and it includes the property rental of £66,000 per annum by Walter Black Foods Limited and £29 in respect of Johnston Baird and Company Limited.

There has been £504,729 of sales and £114,118 of purchases with AMB Products Limited and at the end of the year the net amount due by AMB Products Limited was £37,878.